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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

COMMUNITY SCHOOLS INITIATIVE, a
Nevada Political Action Committee with rights
assigned in trust to Lex Tecnica, Ltd.;

Plaintiff,

vs.

VANGUARD FIELD STRATEGIES, LLC, a
Texas limited liability company; DOES 1
through 100, inclusive; and ROE Business
Entities 1 through 100, inclusive;

Defendants.

Case No.:

COMPLAINT

JURY DEMAND

Plaintiff COMMUNITY SCHOOLS INITIATIVE ("CSI"), by and through its counsel of record, Takos Law Group, Ltd., hereby complains against Defendant VANGUARD FIELD STRATEGIES, LLC ("Vanguard") for breach of contract, fraudulent inducement, fraudulent misrepresentation/fraud, negligent misrepresentation, deceptive trade practices, and, in the alternative, breach of the implied covenant of good faith and fair dealing. As set forth below, CSI

1 entered into a contract with Vanguard to obtain signatures for a ballot initiative in 2022. Vanguard
2 agreed to deliver signatures at a 70% validity rate (meaning 7 of every 10 signatures would be valid
3 and acceptable to the Office of the Nevada Secretary of State). During the course of Vanguard's
4 signature gathering process, Vanguard assured CSI it was obtaining above an 80% validity process,
5 and CSI paid Vanguard over \$2,200,000 for the signatures. However, when the Nevada Secretary of
6 State reviewed the signatures, it found Vanguard had only obtained an average 53.2% validity rate.
7 Vanguard assured CSI it would "take care" of the failure but has failed to do so. For this reason, CSI
8 hereby brings its claims as follows:

9
10 **PARTIES, JURISDICTION, AND VENUE**

11 1. COMMUNITY SCHOOLS INITIATIVE, a Nevada Political Action Committee
12 with rights assigned in trust to Lex Tecnica, Ltd. ("CSI") is, and at all relevant times was, a registered
13 Nevada Political Action Committee, designed to support a statutory initiative to allow cities and
14 municipalities to opt-out of the existing county-based school district system.

15 2. VANGUARD FIELD STRATEGIES, LLC ("Vanguard") is, and at all relevant times
16 was, a Texas limited liability company doing business in Clark County, Nevada.

17 3. The true names, identities, and capacities, whether individual, corporate, associate,
18 or otherwise, of Defendants DOES 1 through 100, inclusive, and ROE Business Entities 1 through
19 100, inclusive, are presently unknown to CSI, who therefore sues such Doe and Roe Defendants by
20 fictitious names. CSI is informed and believes, and upon such information and belief, alleges, Doe
21 and Roe Defendants are legally responsible in some manner for the unlawful acts and/or omissions
22 hereinafter described. CSI will seek leave of Court to amend this complaint to reflect the true names
23 and capacities of each of the Doe and Roe Defendants as and when such information is ascertained.

FACTUAL ALLEGATIONS

7. Vanguard was created by Axiom Strategies in 2018 to as “a nationwide grassroots and field division” and therefore, upon information and belief, appears to be a subsidiary or alter ego of Axiom, and CSI reserves the right to bring claims against Axiom at any time.

9. From May to June, 2022, CSI interviewed several signature gathering firms including some that were less expensive, but eventually chose Vanguard, and agreed to pay a premium for the service, because Vanguard insisted to CSI it only hired qualified, background-checked signature gatherers, and that it carefully reviewed the signatures gathered during the process to hit a 70% or higher validity rate.

1 10. Based on Vanguard's asserted expertise, CSI agreed to contract with it to obtain
2 signatures in support of a Nevada ballot initiative that CSI was supporting. The parties negotiated
3 the terms of the contract on or around June 16, 2022.¹

4 11. CSI agreed to pay Vanguard \$12 for each signature (whether validated or not) with
5 the explicit deliverable requirement that at the very least, 70% of those "raw" signatures would be
6 valid.

7 **Deliverables: 20,833 raw signatures, 70% validity rate, at \$12 per raw signature**

- 8 • VFS will validate volunteer-gathered signatures

9 12. The parties negotiated the term and agreed that CSI could extend/increase the
10 signature gathering program at the same validity rate, at \$12 per raw signature.

11 **The CLIENT will have the option to extend/increase this program as desired at the**
12 **same rate.**

13 13. Although the final results of the campaign were not guaranteed, Vanguard agreed
14 the service deliverable of a 70% signature validity rate would be met, and that "Vanguard shall use
15 best efforts and diligence in performing the services required by this agreement."²

16
17 **2. Final Matters**

18 VFS shall use best efforts and diligence in performing the services required by this
19 agreement. VFS, its principals, employees, agents and/or assigns make no warranty,
20 express or implied, as to the results of the services provided or any future services that
21 may be contracted. Although VFS from time to time may opine about the possible results
22 regarding the campaign, VFS cannot guarantee any particular result from services.

23
24 ¹ See contract, attached hereto as Exhibit 1.

25 ² See *id.*

14. Over the course of the following six months, from approximately June 2022 to December 2022, CSI repeatedly extended/increased the signature gathering service period, pursuant to the express terms of the contract, paying Vanguard \$12 per raw signature.

15. During this time, the CSI Board met regularly on Mondays of each week to discuss the initiative and signature gathering process.

16. Vanguard's representative, Vice President of Sales Mr. Scott Scheid, frequently attended the beginning of these CSI Board meetings from August through December 2022 (if not weekly from October to December).

17. Each time Mr. Scheid attended a weekly CSI Board meeting, he reported to the CSI Board by, among other things, identifying the number of signatures gathered, requesting the amounts owed to Vanguard, and reporting the validity rate of the signatures Vanguard was gathering.

18. Mr. Scheid also provided regular verbal and email assurances to the CSI Board—most often to CSI’s campaign manager Mary Jane Stewart and the PAC chairman, Dan Stewart—of the weekly validity rate.

19. In reliance upon Mr. Scheid's weekly assurances that Vanguard was achieving an 80% or higher signature validity rate, CSI continued to request that more signatures be gathered by Vanguard, and CSI continued to pay Vanguard for the corresponding signature gathering efforts.

20. CSI would never have agreed to continue the signature gathering effort with Vanguard, or pay for such efforts, had CSI not been reassured on an almost weekly (if not daily) basis that Vanguard was achieving an 80% or higher validity rate.

21. In late October or early November 2022, CSI asked Vanguard if another signature gathering firm was necessary to ensure enough signatures were gathered.

1 22. In response, Vanguard, through its Vice President of Sales, Mr. Scott Scheid, insisted
2 another signature gathering firm was not necessary, that Vanguard was capable of gathering the
3 signatures above the agreed upon validity rate of 70%, and were in fact doing so.

4 23. Mr. Scheid, as Vice President of Sales for Vanguard, made these assurances,
5 representations, and validity claims repeatedly during the weekly Monday meetings between
6 Vanguard and CSI's board from July 2022 to December 2022.

7 24. Pursuant to the parties' contract, and in direct reliance on the repeated assurances,
8 representations, and validity claims of Mr. Scheid, CSI paid Vanguard \$12 for every signature it
9 gathered, ultimately paying Vanguard over \$2,200,000.00 dollars.

10 25. However, despite the plain language of the contract, and despite Vanguard's repeated
11 assurances of an 80% validity rate, when the signatures were finally inspected by the Nevada
12 Secretary of State's office in December 2022, the Secretary of State found that Vanguard's gathered
13 signatures had only an *average* 53.2% validity rate.

14 26. Specifically, the validity rates as determined by the Secretary of State's office were as
15 follows: District 1 - 41.6%, District 2 - 55.3%, District 3 - 62.7%, and District 4 - 55.0%. The
16 average of these four districts is 53.2%.

17 27. In other words, Vanguard not only failed to reach its promise of a 70% validity rate
18 for the overall campaign, it failed to achieve better than a 62.7% validity rate in *any* of Nevada's four
19 U.S. Congressional Districts.

20 28. CSI was informed of these results via letter from the Nevada Secretary of State dated
21 December 21, 2022.³
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25 ³ See letter, attached hereto as Exhibit 2.

1 29. In fact, the Clerk of Carson City verified the validity rate for the signatures Vanguard
2 submitted to it, at a meager 29.4%.

3 30. CSI Chairman (and then Henderson City Council member) Dan Stewart and CSI
4 Campaign Director Mary Jane Stewart called Vanguard immediately after receiving the Secretary of
5 State's letter notifying CSI of Vanguard's breach and failure.

6 31. On that call, Mr. Scheid acknowledged the failure and offered to "make it right." He
7 also offered to attempt to collect the signatures again in two years at no cost.

8 32. On December 22, 2022, Sam Castor and Bob Sweetin, members of the CSI Board,
9 had another phone call with Mr. Scheid, during which Mr. Castor indicated that CSI would like a
10 full and prompt refund given Vanguard's admitted, and material failure.

11 33. Mr. Scheid assured Mr. Castor and Mr. Sweetin that a refund was forthcoming, that
12 Vanguard would "take care of it," and that Vanguard's senior leadership would contact Mr. Castor
13 after Christmas.

14 34. Mr. Castor insisted that a call occur that day. Mr. Scheid called Mr. Castor again later
15 that evening and assured Mr. Castor that Vanguard President Joe Williams would call Mr. Castor
16 after Christmas and "take care of it" in response to Mr. Castor's request for a refund.

17 35. Relieved, Mr. Castor sent a confirming text message to Mr. Scheid, thanking him for
18 agreeing to provide a refund.

19 36. The next day, December 23, 2022, Mr. Castor sent a follow up email communication
20 to Mr. Scheid for forwarding, thanking Mr. Scheid that Vanguard would do the right thing and take
21 care of the failure.

22 37. Mr. Williams did not call as promised.
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1 38. Thereafter, CSI learned Vanguard – despite its admissions – refused to not only
2 honor its contract, but would not make good on its later promises to refund the monies to CSI.

3 39. On January 4, 2023, the Nevada Secretary of State’s office informed CSI that
4 Vanguard had made a complete mess of the process and had submitted thousands of fraudulent
5 signatures.

6 40. Specifically, the Secretary of State’s office informed both Mary Beth Scow, and later
7 Bob Sweetin, Esq. (both CSI Board Members), that Vanguard failed to meet the validity rate for the
8 following reasons:

- 9 a. Many of the signatures were forged with the same name being used repeatedly.
10 b. Many of the forged signatures use the correct first and last name but used obscenities
11 as the middle name.
12 c. A sizable number of the signatures were from out of state.

13 41. CIS was also informed that some of the signature pages turned in by Vanguard were
14 burned and others smelled like “bong water.”

15 42. It was clear to the Secretary of State that the signature gathering process was handled
16 unprofessionally, that Vanguard had defrauded CSI.
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18 **FIRST CAUSE OF ACTION**

19 **(Breach of Contract)**

20 43. CSI repeats and re-alleges each of the foregoing allegations as though fully set forth
21 herein.

22 44. The parties agreed to a valid and enforceable contract, as memorialized by the Letter
23 of Engagement dated June 14, 2022.
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56. As a further result of Vanguard's conduct, CSI has been required to hire an attorney to prosecute this action and, therefore, seeks recovery of its attorneys' fees and costs.

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

58. The contract between the parties is a legally enforceable and binding contract entered into by CSI and Vanguard.

60. Vanguard breached the implied covenant of good faith and fair dealing by, among other things, repeatedly representing to CSI that Vanguard was achieving a validity rate of 80% when, in reality, the signatures Vanguard was gathering only had an average validity rate of 53.2%.

62. Vanguard further breached the implied covenant of good faith and fair dealing by, among other things, repeatedly representing to CSI that it was achieving a validity rate of 80% when, in reality, many of the signatures Vanguard was gathering contained obscenities as a middle name.

64. As a result of Vanguard's foregoing breaches, CSI has been damaged in a sum which exceeds \$2,200,000.00, but in any event, greater than the jurisdictional minimum of \$75,000.00, which amount will be determined at a jury trial of this matter.

THIRD CAUSE OF ACTION

66. CSI repeats and re-alleges each of the foregoing allegations as though fully set forth herein.

68. Given the nature of the benefit CSI conferred on Vanguard (i.e. more than \$2,200,000.00), it would be inequitable to allow Vanguard to accept and retain this benefit without repayment to CSI for the full value thereof.

70. Vanguard knew, or should have known, that CSI expected signatures with at least a 70% signature validity rate.

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1 72. CSI has demanded that Vanguard pay back the more than \$2,200,000.00 for the
2 damages CSI has sustained.

3 73. To date, Vanguard has failed and/or refused to pay CSI the full value of this benefit
4 and has thus been unjustly enriched in an amount to be proven at a hearing or at a jury trial in this
5 matter.

6 74. As a result of the foregoing, CSI has been damaged in a sum which exceeds
7 \$2,200,000.00, but in any event, greater than the jurisdictional minimum of \$75,000.00, which
8 amount will be determined at a jury trial of this matter.

9 75. As a further result of Vanguard's conduct, CSI has been required to hire an attorney
10 to prosecute this action and, therefore, seeks recovery of its attorneys' fees and costs.

11 **FOURTH CAUSE OF ACTION**

12 **(Fraudulent Inducement)**

13 76. CSI repeats and re-alleges each of the foregoing allegations as though fully set forth
14 herein.

15 77. Vanguard made false representations to CSI beginning in June of 2022 and through
16 December 2022, that it had signature gathering skill and labor that would obtain a 70% signatures
17 validity rate in Nevada, and by further representing to CSI that the signatures gathered by Vanguard
18 were being verified at a rate of 80% or more.

19 78. These representations were made to CSI on almost a weekly basis at CSI's Monday
20 board meetings by Mr. Scheid.

21 79. Vanguard knew the representations were false and/or knew that it had an
22 insufficient basis for making the representations because Vanguard was either intentionally or
23 negligently not verifying the signatures while it was obtaining them, but was still representing to CSI
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1 that the signatures were 80% valid or more, when in reality the signatures included forgeries,
2 duplicate names, names using obscenities in the place of actual names, and were from people living
3 outside the state of Nevada, even though these documents were notarized by Vanguard or its agents,
4 and knowingly accepted as valid although forged. Further, Vanguard charged CSI for these fake
5 signatures on a regular basis even though Vanguard knew or should have known that the signatures
6 were fraudulent and/or contained the defects described in the preceding paragraph.

7 80. In fact, at some time after the signature gathering campaign, CSI was informed that
8 Vanguard's own signature gatherers (aka "walkers") had informed Vanguard of these issues, but
9 Vanguard took no action to fix the issue and, in fact, continued to encourage CSI to pay for
10 Vanguard to collect more signatures (which again, turned out to be forgeries or had other
11 disqualifying issues).

12 81. Vanguard intended to induce CSI into extending the signature gathering effort
13 under the terms of the contract by making the foregoing misrepresentations.

14 82. Indeed, Vanguard knew that CSI would have not have entered into the contract—
15 and certainly would not have extended the signature gathering campaign—if CSI was aware that the
16 signatures that Vanguard would obtain would only be valid slightly more than half the time.

17 83. Vanguard was aware of the amount of time and money CSI had already invested in
18 the effort, and of CSI's reliance on Vanguard's contractual representations, which is why the 70%
19 validity rate was included in the contract.

20 84. In fact, with over a month left to go before the conclusion of the signature gathering
21 process, CSI asked Vanguard if it should hire another signature gathering firm to ensure sufficient
22 signatures were gathered, and Vanguard, through Mr. Scheid, repeatedly and expressly insisted to
23 the CSI Board members that another firm was *not* necessary because Vanguard was gathering
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1 signatures at more than an 80% validity rate, which was later proven to be false and upon
2 information and belief CSI contends Vanguard knew or should have known such claims were false.

3 85. CSI justifiably relied on Vanguard's commitment in the contract to deliver a 70%
4 validity rate for all signatures.

5 86. CSI looked to Vanguard as the expert in the industry, not only because Vanguard
6 said it would use "best efforts and diligence in performing the services required by this agreement,"
7 but because Vanguard held itself out as an expert in the industry.

8 87. CSI chose to use Vanguard although there were other signature gathering firms
9 available for less cost.

10 88. CSI never had any indication that Vanguard was making false representations or that
11 CSI should not justifiably rely on the statements that Vanguard both said and put in its contract
12 with CSI.

13 89. CSI has been damaged not only in terms of the \$2.2 million it paid Vanguard for
14 the signatures, but as a result of the years in preparatory work for the initiative, the and volunteer
15 hours Vanguard has now wasted, and the stalled political momentum CSI garnered for the
16 initiative also now wasted, because the Nevada Legislature only meets every two years and this issue
17 will not be on voters' minds in the near future.

18 90. As a result of the foregoing, CSI has been damaged in a sum which far exceeds
19 \$2,200,000.00, but in any event, greater than the jurisdictional minimum of \$75,000.00, which
20 amount will be determined at a jury trial of this matter.

21 91. Vanguard's conduct was intentional and done willfully and maliciously, and with
22 conscious disregard for the rights of CSI, justifying an award of exemplary and punitive damages.
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FIFTH CAUSE OF ACTION

(Fraudulent Misrepresentation/Fraud)

(Fraudulent Misrepresentation/Fraud)

94. Vanguard made false and material representations repeatedly to CSI that it would obtain signatures with 70% of them being valid, verbally, and in writing.

96. Vanguard knew its representations were false or knew that it had an insufficient basis for making the representations because Vanguard was intentionally fabricating signatures, or negligently verifying the signatures while it was obtaining them.

98. Vanguard was informed by its employees/walkers that the signatures being gathered were fraudulent, but Vanguard either did not fix the issue, or turned a blind eye to it and insisted CSI continue to pay for the knowingly fraudulent service.

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101. CSI had no indication that Vanguard was making false representations or that CSI could not justifiably rely on the statements that Vanguard both said and put in their contract with CSI. On the contrary, it was precisely because of the representations of Mr. Scheid, Vanguard's Vice President of Sales, that CSI proceeded with the payments, in addition to justifiably relying on Vanguard's representations of it being an expert in the industry.

103. Vanguard's conduct was intentional and done willfully and maliciously, and with conscious disregard for the rights of CSI, justifying an award of exemplary and punitive damages.

SIXTH CAUSE OF ACTION

105. CSI repeats and re-alleges each of the foregoing allegations and facts pled above as though fully set forth herein.

106. Alternatively, Vanguard negligently misrepresented to CSI that it was achieving a more than 80% validity rate when it should have known that the signatures being gathered by its agents were fraudulent, fabricated, from out of state, or falsified, and had received reports accordingly but did not correct the problem.

1 107. The representations made to CSI by Vanguard, specifically that Vanguard would
2 supply CSI with signatures that were 70% valid, occurred in the course of its business in its attempt
3 to secure a contract with CSI.

4 108. Vanguard further supplied false information to CSI that it would obtain signatures
5 with 70% of them being valid to guide CSI in their business transaction with Vanguard.

6 109. Vanguard's representations induced CSI into signing a contract with Vanguard and
7 later extending the signature gathering effort pursuant to that contract, and paying Vanguard
8 millions of dollars to do so.

9 110. CSI was damaged as the 70% validity rate was important for the number of
10 signatures gathered to be sufficient and the ballot initiative to be deemed to qualify, and Vanguard
11 was aware of this importance which is why the 70% validity rate was expressly included in the
12 contract, and which is why Mr. Scheid repeatedly told CSI that Vanguard's verification rate for the
13 signatures was above 80%.

14 111. By not hitting (or even coming close to) the agreed-upon 70% validity rate, or the
15 indicated 80%-plus gathering rate, Vanguard effectively got an "F" when all it needed to get was a
16 "C".

17 112. CSI justifiable relied on Vanguard's statement in the contract that 70% of the
18 signatures it provided would be valid and so entered into a contract with Vanguard and paid it
19 millions of dollars.

20 113. Moreover, CSI repeatedly extended the contract and agreed to pay Vanguard for
21 more signatures based on Mr. Scheid's repeated representations that Vanguard was gathering
22 signatures at a more than 80% validation rate.
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1 114. Vanguard knew that CSI would have not have entered into the contract—or extended
2 the contract over the course of the following months—if CSI knew that nearly half of the signatures
3 Vanguard obtained or would obtain were fraudulent.

4 115. Vanguard used its false representations to CSI to induce CSI to enter into and extend
5 the contract with Vanguard and to pay it more than \$2.2 million dollars.

6 116. CSI never had any indication that Vanguard was making false representations or
7 that CSI could not justifiably rely on the statements that Vanguard both said and put in their
8 contract with CSI.

9 117. Vanguard knew its representations were false, or, at a minimum, knew that it did not
10 have a sufficient basis for making that representation because Vanguard was not accurately verifying
11 the signatures while it was obtaining them, or turning a blind eye to the concerns raised by staff and
12 agents that the signatures being gathered were fraudulent.

13 118. Despite this knowledge, or what Vanguard should have known, Vanguard charged
14 CSI for signatures that it was informed or should have known were fraudulent.

15 119. Vanguard was informed of these issues by its employees/agents/walkers and as the
16 sole guardian of what signatures to accept and charge CSI for, did not fix the issue, but simply
17 collected \$2.2 million for fraudulent and defective signatures.

18 120. As a result of the foregoing, CSI has been damaged in a sum which exceeds
19 \$2,200,000.00, but in any event, greater than the jurisdictional minimum of \$75,000.00, which
20 amount will be determined at a jury trial of this matter.

21 121. As a further result of Vanguard's conduct, CSI has been required to hire an attorney
22 to prosecute this action and, therefore, seeks recovery of its attorneys' fees and costs.
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SEVENTH CAUSE OF ACTION

(Deceptive Trade Practices)

122. CSI repeats and re-alleges each of the foregoing allegations as though fully set forth herein.

123. NRS 41.600(1) allows an action to “be brought by any person who is a victim of consumer fraud.”

124. NRS 41.600(2)(e) defines consumer fraud as a “deceptive trade practice as defined in NRS 598.0915 to NRS 598.0925, inclusive.”

125. NRS 598.0915, NRS 598.0917, and NRS 598.0923 require that the person do the act in their business.

126. Here, Vanguard was acting in its business when it when it made false representations to CSI.

127. Vanguard falsely represented to CSI that its would provide CSI with signatures at a 70% validity rate, and further represented to CSI during the signature gathering campaign that Vanguard’s validity rate was in excess of 80%, thereby making representations as to the quality and nature of the services that would be provided to CSI under the contract.

128. As set forth extensively herein, Vanguard’s representations were false.

129. Said differently, Vanguard contractually agreed to get at least a “C” on its signature gathering process, but instead got an ignominious “F”.

130. NRS 598.0915(5) defines deceptive trade practice as a person in their business that knowingly “makes a false representation as to the characteristics, ingredients, uses, benefits, alterations or quantities of goods or services for sale or lease or a false representation as to the sponsorship, approval, status, affiliation or connection of a person therewith.”

1 131. Here, Vanguard's false representations described the characteristics, uses, benefits,
2 and quantities of the services that it contracted to perform for CSI.

3 132. But, in fact, the characteristics, uses, and benefits of Vanguard's services were all of
4 *markedly* lower quality than Vanguard contracted to provide because Vanguard's actual validity rate
5 was *significantly* lower than was promised (70%), and even lower that was repeatedly reported by
6 Mr. Scheid (80%).

7 133. Because of Vanguard's misrepresentations, the quantity of signatures needed to
8 qualify the initiative for the 2022 ballot would necessarily need to drastically increase, and
9 Vanguard contracted to provide a minimum number of signatures at a 70% validity rate, and
10 insisted CSI pay for each signature at that agreed-upon validity rate.

11 134. NRS 598.0915(7) defines deceptive trade practice as a person in their business that
12 represents "that goods or services for sale or lease are of a particular standard, quality or grade, or
13 that such goods are of a particular style or model, if he or she knows or should know that they are
14 of another standard, quality, grade, style or model."

15 135. Vanguard represented to CSI that it would provide CSI with signatures possessing
16 a 70% validity grade or quality, and repeatedly represented to CIS during the process that
17 Vanguard's signature gathering was validating at a rate above 80%.

18 136. In truth, however, Vanguard's actual validity rate was *significantly* lower than was
19 promised (70%), and even lower that was repeatedly reported by Mr. Scheid (80%).

20 137. NRS 598.0915(15) defines deceptive trade practice as a person in their business that
21 knowingly "makes any other false representation in a transaction."
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1 138. Vanguard knowingly made false representations to CSI in its transaction with CSI
2 as set forth herein, and namely that Vanguard would provide signatures that were 70% valid and
3 that, during the process, Vanguard's signature gathering was validating at a rate above 80%.

4 139. NRS 598.0917(2) defines deceptive trade practice as a person in their business that
5 employs "bait and switch" advertising, "which consists of an offer to sell or lease goods or services
6 which the seller or lessor in truth may not intend or desire to sell or lease, accompanied by ...
7 Disparagement in any material respect of the advertised goods or services or the terms of sale or
8 lease."

9 140. Vanguard employed a "bait and switch" scheme with CSI, promising services at a
10 higher level and providing services at a much lower level.

11 141. When confronted with its failings, Vanguard disparaged Nevada, noting it was very
12 unique, and that it should be excused because Nevada had a unique signature gathering process,
13 and that CSI should be satisfied with the lower level services despite it ruining the benefit of the
14 bargain for CSI.

15 142. Such excuses do not justify Vanguard's failings, especially considering their "grass
16 tops" and "grass roots" claims that suggest they are experts in Nevada requirements because
17 Vanguard's employees (as an arm of Axiom) are from Nevada.

18 143. NRS 598.0923(1)(a) defines deceptive trade practice as a person in their business
19 that knowingly conducts their business "without all required state, county or city licenses." NRS
20 86.544 states that a foreign limited liability company "must register with the Secretary of State"
21 before "transacting business in this State."

22 144. Upon information and belief, Vanguard has not registered with the State of
23 Nevada, nor does it have the required state, county or city licenses as required by Nevada law.
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1 145. NRS 598.0923(1)(b) defines deceptive trade practice as a person in their business
2 that knowingly fails “to disclose a material fact in connection with the sale or lease of goods or
3 services.”

4 146. Vanguard not only failed to disclose that it would not provide CSI with signatures
5 at a 70% valid rating, but it repeatedly told CSI that it was hitting an 80% validity rate, which was
6 simply untrue.

7 147. By failing to disclose to CSI that it was not hitting an 80% or even 70% validity rate,
8 Vanguard failed to disclose a material fact to CSI in connection with the services being provided.

9 148. NRS 598.0918(6) defines deceptive trade practice as a person that “during a
10 solicitation by telephone or text message or during a sales presentation, he or she: Defrauds a person
11 of any valuable thing, wrongfully obtains from a person any valuable thing or otherwise causes harm
12 to a person by knowingly causing, directly or indirectly, any service used in connection with a voice
13 service or text messaging service to identify the caller or sender of the text message to display
14 inaccurate or misleading information.”

15 149. Here, Vanguard, in its sales presentation to CSI, defrauded CSI of its money and
16 convinced CSI to enter into a valid contract with it, obligating CSI to pay Vanguard for its services.

17 150. Vanguard’s sales presentation and subsequent meetings with the CSI board were
18 based on false representations that Vanguard would be able to provide CSI with the quality
19 signatures it needed.
20

21 151. If CSI knew that Vanguard would not be able to provide the signatures at a rate of
22 at least 70% validity, CSI would not have contracted with Vanguard and paid it millions of dollars.

152. NRS 598.0923(1)(c) defines deceptive trade practice as a person in their business that knowingly violates “a state or federal statute or regulation relating to the sale or lease of goods or services.”

153. Vanguard violated Nevada state law by, among other things, operating its business in the state of Nevada without obtaining the proper licenses..

154. For the foregoing reasons, CSI is a victim of Vanguard's consumer fraud pursuant to NRS Chapter 598 and NRS 41.600.

155. As a result of the foregoing, CSI has been damaged in a sum which exceeds \$2,200,000.00, but in any event, greater than the jurisdictional minimum of \$75,000.00, which amount will be determined at a jury trial of this matter.

156. As a further result of Vanguard's conduct, CSI has been required to hire an attorney to prosecute this action and, therefore, seeks recovery of its attorneys' fees and costs.

PRAYER FOR RELIEF

WHEREFORE, CSI prays for judgment against Vanguard as follows:

A. General, compensatory, expectation, and consequential damages in excess of \$2,200,000.00 to be determined at trial, but in any event, greater than the jurisdictional minimum of \$75,000.00;

B. Pre and post judgment interest;

C. Punitive damages;

D. Costs and attorney's fees including, but not limited to, to those provided pursuant to NRS 41.600(3)(c) and NRS Chapter 598; and

E. For any equitable relief that the Court deems appropriate.

JURY DEMAND

CSI hereby demands a trial by jury of all issues so triable pursuant to Rule 38 of the Federal Rules of Civil Procedure.

DATED this 12th day of January, 2023.

TAKOS LAW GROUP, LTD.

/s/ Zachary P. Takos

Zachary P. Takos, Esq., Nevada Bar No. 11293
Steven R. Hart, Esq., Nevada Bar No. 15418
10785 West Twain Avenue, Suite 226
Las Vegas, Nevada 89135

Sam Castor, Esq., Nevada Bar No. 11532

LEX TECNICA, LTD.

10161 Park Run Drive
Las Vegas, Nevada 89145

Counsel for Plaintiff

Exhibit 1

Exhibit 1



Letter of Engagement

Upon our engagement, Vanguard Field Strategies, LLC ("VFS"), a limited liability company, will create and execute a comprehensive strategy for the services listed below on behalf of Community Schools Initiative ("CLIENT").

1. Field Program

VFS will conduct a signature gathering program beginning June 15, 2022 – July 15, 2022.

Deliverables: 20,833 raw signatures, 70% validity rate, at \$12 per raw signature

- VFS will validate volunteer-gathered signatures

✦ **Payment Schedule:**

- June 15, 2022: \$12,000 for the first 1,000 raw signatures
- After the first 1,000 raw signatures, an additional payment of \$12,000 will be due for the next 1,000 raw signatures and following each instance of 1,000 raw signatures until 20,000 raw signatures have been submitted, at which point a final payment of \$9,996 will be due for the final 883 raw signatures.

The CLIENT will have the option to extend/increase this program as desired at the same rate.

Invoices will be submitted weekly and are due upon receipt.

2. Final Matters

VFS shall use best efforts and diligence in performing the services required by this agreement. VFS, its principals, employees, agents and/or assigns make no warranty, express or implied, as to the results of the services provided or any future services that may be contracted. Although VFS from time to time may opine about the possible results regarding the campaign, VFS cannot guarantee any particular result from services.

Cancellation of this Agreement requires either party to send a five (5) day Intent to Cancel Agreement Notice (via E-Mail) to contacts of record. In the event of termination of this agreement, and/or the termination of this candidacy for any reason, it is agreed that VFS will receive all regular fees and commissions during the five (5) days notification period. Losing the Primary or General election will not count as a "termination." Upon the expiration of the 5-day period of notice, to the extent that third parties already contracted by VFS for CLIENT refuse to release VFS from its obligation, VFS shall be reimbursed for any costs incurred by VFS in connection with non-cancelable contracts made on CLIENT's behalf.

CLIENT agrees to hold VFS and its employees harmless for any damages, claims, causes of action or injury that may occur in the commission of services or as a result of services under this agreement.



The foregoing is hereby approved and agreed to:

CLIENT

Name: Mary Jane Stewart

Email: mjs.communityschools@gmail.com

Signature: [Handwritten Signature]

Date: June 16, 2022

VANGUARD FIELD STRATEGIES, LLC

Name: Nick Schulte, CFO

Signature: [Handwritten Signature]

Date: June 14, 2022

State: NV

Race: Statutory Amendment Petition GC: JW

Exhibit 2

Exhibit 2

BARBARA K. CEGAVSKE
Secretary of State

STATE OF NEVADA

SCOTT W. ANDERSON
Chief Deputy Secretary of State

GAIL J. ANDERSON
Deputy Secretary for Southern Nevada



ERIN HOUSTON
Deputy Secretary for Securities

DEBBIE I. BOWMAN
Deputy Secretary for Operations

KIMBERLEY PERONDI
Deputy Secretary for Commercial Recordings

**OFFICE OF THE
SECRETARY OF STATE**

MARK A. WLASCHIN
Deputy Secretary for Elections

December 21, 2022

VIA Email

Mr. Dan H. Stewart
PO Box 777400
Henderson, NV 89077

**RE: Notice of Insufficiency of Petition
Statewide Statutory Initiative Petition – Identifier S-01-2022**

Dear Mr. Stewart,

This office is in receipt of all the Certificates of Results for your petition. The total number of signatures obtained statewide was 233,173. Your petition needed to collect 35,195 signatures in each petition district 1, 2, 3 & 4 to be deemed sufficient. Pursuant to NRS 293.1277, a random sample of 5% of the signatures were reviewed for validation by each county clerk. The following results are based on the number of signatures gathered in each district.

	Reviewed	Valid
District 1	3,500	1,457
District 2	1,843	1,020
District 3	3,205	2,010
District 4	3,113	1,713

Based on the examination done by the county election officials across the state, the aforementioned petition does not meet the statutory and constitutional signature requirements and is deemed insufficient.

Respectfully,

Barbara K. Cegavske
Secretary of State

By: Heather Hardy
Heather Hardy, Program Officer 3